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(d) sub-dividing at least some of the episode disease categories by severity of illness, wherein the classification system is applied to historical information for individuals and populations to group them according to the classification system.

Remarks

Claims 1-12 are pending in this application. No new matter has been added. Favorable reconsideration of this application is requested.

Rejection under 35 U.S.C. § 101

Claims 1-12 stand rejected under 35 U.S.C. § 101 because the claimed invention is non-statutory. The Examiner states that Claims 1-12 are addressed to a method of categorizing and subcategorizing standard medical codes used in describing medical care. The Examiner further states that the “claimed invention as a whole must accomplish a practical application. That is, it must produce a useful, concrete and tangible result (*State Street Bank and Trust Co. v. Signature Financial Group, Inc.* 149 F.3d at 1373, 47 USPQ2d at 1601-02).

The Examiner has stated that the claims of the present invention “only involve the manipulation of categories of medical codes. The manipulation of these medical codes is not claimed as producing any concrete or tangible outcome, and thus do not meet the requirements of *In re Warmerdam*.

The Examiner has suggested that Applicants may wish to further define a concrete or tangible outcome, such as “classification of a patient medical condition,” “classifying costs associated with medical costs” or “predicting future costs associated with medical care.”

Applicants respectfully suggest that the tangible and concrete outcome of the method of claims 1-12 is the creation of the classification system. This classification system is then applied to historical data of individuals and populations such they can be grouped according to clinical risks. This allows evaluation of both medical risk and medical care costs. The Applicants respectfully suggest that the claims as originally written do provide this concrete and tangible outcome. However, to facilitate the examination of allowance of the above-captioned application, Applicants have amended Claim 1 to specifically identify the practical outcome of creating the classification system.

Applicants respectfully suggest this paper is fully responsive to the Office action and the remarks and amendments have resolved the Examiner's outstanding objections and rejections. However, if after fully considering Applicants' response, there are issues

remaining, Applicants request the Examiner telephone the undersigned to timely resolve any remaining issues.

Please charge any fees that may be associated with this paper to Deposit Account No. 13-3723.

Respectfully Submitted,

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Version with markings to show amendments made:

1. (Amended) A method of creating a classification system for rating the nature and severity of health care requirements [medical care], characterized by:
 - (a) obtaining a set of medical care codes;
 - (b) categorizing the medical care codes into major disease categories;
 - (c) categorizing the medical care codes into episode disease categories based on the severity and persistence of the disease, and assigning each episode disease category to a major disease category; and
 - (d) sub-dividing at least some of the episode disease categories by severity of illness, wherein the classification system is applied to historical information for individuals and populations to group them according to the classification system.